The Daily Dish

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Is the FCC getting ready to regulate your broadband Internet rate? That is the accusation from one member of the commission. According to The Hill, the terms of the new AT&T/DirectTV merger include "requiring AT&T to offer 10 Mbps Internet speeds for $10 per month to low-income customers." Commissioner Pai channeled his inner Katnis in his dissent, saying that "These conditions are the forced tribute that the company must offer to mollify the Capitol." This isn't the first attempt from the FCC to regulate individual rates, the net neutrality rules included a provision that could be abused to the same ends.

Clinton delivered her energy proposal with two major points: massive expansion of President Obama's expensive clean power rule and a lack of Keystone XL policy. AAF's data and past studies show that the administration's current policies could cost 296,000 jobs and raise electricity prices by 10 percent. Meanwhile, AAF found that the nearly 7 year delay has cost the U.S. $175 billion in economic activity.

Eakinomics: The Impoverishing Impact of Good Intentions — The Minimum Wage

Suppose that I proposed a policy that would cost over $100 billion dollars, but would only deliver about $7 billion of that to people living in poverty and would destroy nearly 7 million jobs in the process. Good idea? Let's get back to that in a bit.

The slow economic recovery and subpar growth in wages and other compensation has caused real labor market pain and a legitimate desire for better outcomes. It has also tempted the administration to propose raising the minimum wage to $10.10. Now the stakes are being raised even further. Lawmakers are proposing to raise the federal minimum wage to $12 per hour by 2020. Others recently introduced a new bill that would raise the federal minimum wage to $15 per hour by 2020, which would more than double the $7.25 federal minimum wage. Several cities, such as Los Angeles, Seattle, and San Francisco, have approved raising the minimum wage to $15 per hour and New York plans to follow suit for

fast-food workers.

The catch is that raising the minimum wage to $15 per hour is the policy proposal outlined above. New research by myself and Ben Gitis indicates that raising the minimum wage to $15 per hour would affect 55.1 million workers and force employers to come up with $105.4 billion in additional wages. Unfortunately, only 6.7 percent of those increases — $7.1 billion — would accrue to workers in poverty. Worse, at the same time the increase would destroy (or preclude the creation of) 6.6 million jobs — thereby creating 6.6 million new potentially-poor people. (The same basic pattern prevails for raising the minimum wage to $12 per hour, but all of the magnitudes are diminished.)

The minimum wage increase is incredibly poorly targeted and does little to help those most in need. In effect, it largely misses the bullseye and the small impact that it has on poverty-level workers is achieved by taking away the jobs and incomes of the now-unemployed. It is perverse to support a policy that transfers from the out-of-work to help the merely poor. A better approach is to recognize that the key to getting out of poverty is to work — unemployed people are four times more likely to be poor than those who are employed. Instead of killing jobs, policy should be pro-work wage subsidies like an improved Earned Income Tax Credit, the PRO wage proposal, or other approaches.

The politics of the era will continue to drive minimum wage proposals, but it represents a triumph of good intentions over beneficial policy.

From the Forum

Counterproductive: The Employment and Income Effects of Raising America's Minimum Wage to $12 and to $15 per Hour by Douglas Holtz-Eakin, AAF President; and Ben Gitis, AAF Director of Labor Market Policy

Reading Between the Lines on The Power Plant Rule by Doug Hochberg, AAF Press Secretary

Fact of the Day

There is another employer mandate which would tax employers up to $36,500 a year per employee for offering employees money to choose their own insurance rather than buying it for them directly.